

Working Party on GATS Rules

Status

The Working Party on GATS Rules was established to determine whether the GATS should include new disciplines on safeguards, government procurement and subsidies. The Working Party met six times in 1999. As these are complex issues, their discussion remains at a relatively conceptual stage.

Assessment of the First Five Years of Operation

The Working Party has provided a useful forum for discussions on whether the GATS should include new disciplines on safeguards, government procurement and subsidies. This is the first time that WTO Members have explored whether concepts, originally formulated for trade in goods, are needed for the GATS. Work on these concepts remains in a preliminary stage with most Members, including the United States, needing further domestic consultations to develop more specific positions and examine the relationship with work in other WTO bodies. For example, during 1999 the WTO Working Group on Transparency in Government Procurement also examined similar concepts.

Major Issues in 1999

Regarding safeguards, Members continue to express differing views on the desirability, feasibility, and possible form of an emergency safeguard mechanism for services. Without prejudice to such differences of view, in recent meetings, Members continued discussion of basic issues that would have to be considered in the application of any future safeguard actions, including MFN treatment, advance notice, temporary and degressive application, and protection of acquired rights of established suppliers.

The safeguards negotiations were set to conclude in July 1999. However, some developing countries and other WTO Members were interested in continuing this mandate. The Council approved a recommendation of the Working Party to extend negotiations on the question of whether emergency safeguards measures are needed until December 15, 2000. The WTO Members also agreed that the results of the negotiations will enter into effect no later than the date of entry into force of the next round of services negotiations. Regarding government procurement, discussions focused on the range of activities and entities which may be covered by GATS Article XIII. Recently, Members started giving thought to the scope and depth of any procurement disciplines which might be agreed upon at the end of the negotiating process.

With respect to subsidies negotiations, three Members have now tabled submissions describing their subsidies regimes as part of an information exchange program. Discussions have continued on the potential for subsidies extended under one mode to distort trade under other modes, and the effects of export subsidies on services trade. In addition, Members are reviewing a proposal that Members provide information on subsidy-related problems experienced in foreign markets.

Work for 2000

Information-gathering and discussion of all three issues will continue. The Working Party faces a December 15, 2000 deadline with respect to the question of emergency safeguards measures.